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President

Judith A. Kennedy



June 29, 2001

Mr. Jeffrey C. Berg
Acting Director
Community Development Financial Institutions Fund
U.S. Department of the Treasury
601 13th Street, NW
Suite 200 South,
Washington, DC 20005

Dear Mr. Berg:

The National Association of Affordable Housing Lenders (NAAHL) represents 200 organizations, including more than 85 insured depository institutions, and 800 individuals. Members include banks, thrifts, insurance companies, community development corporations, mortgage companies, loan consortia, financial intermediaries, pension funds, foundations, local and national non-profits, public agencies and allied professionals. NAAHL's mission is to support private investment in low- and moderate-income communities: for affordable housing, small business, micro-enterprises and community development.

I am writing to you in response to the Department of the Treasury's invitation to Comment on "pending issues" related to the publication of the Community Development Financial Institution Fund's Guidance for the New Markets Tax Credit (NMTC) Program. NAAHL's members strongly supported the creation of the NMTC Program, and we appreciate the opportunity to provide input on the Guidance. We are grateful for your expeditious consideration of the issues that are critical to attracting private investors to New Markets' ventures and urge you to make this new resource available as quickly as possible. To maximize investor interest in the NMTC Program, it is critical that the program be coordinated with bank regulators to provide CRA credit for insured depository institutions that invest in NMTCs.

On the questions concerning priority treatment for certain NMTC applicants, it is certainly reasonable to give priority in awarding NMTC allocations to those applicants with "successful records" in serving low-income communities or businesses, as well as those that intend to satisfy the Substantially All Test by making qualified investments in businesses "in which persons unrelated to the CDE hold a majority equity interest." However, as you develop criteria for determining an applicant's record of success, it is important to recognize that in many of the low-income communities and areas that are most in need of private investment -- particularly those in small and medium-sized towns -- local Community Development Entities may not be able to compete on an equitable

NAAHL Offices

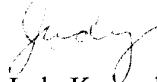
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basis for tax credit allocations with larger, more established entities in other geographic areas if only purely quantitative performance measures are used (for instance, length of time in business, number of loans made).

To give smaller communities the opportunity to benefit from the NMTC program, we urge you to incorporate criteria that are not purely quantitative. For example, a CDE in operation for only three years may be making real progress in developing new markets in its community and could make excellent use of credits within the timeframes. Similarly, the regulations should be written in such plain language, free of acronyms and industry jargon, that communities most in need of investment face no barriers to application and compliance.

Our members are very excited and enthusiastic about the opportunity to participate in the NMTC Program. We thank you for the opportunity to provide input on the Guidance, and we look forward to using this valuable new resource for revitalizing our neediest communities.

Sincerely,

A handwritten signature in cursive script, appearing to read "Judy Kennedy".

Judy Kennedy
President